

Domestic Fundamentals:

Market Outlook: Cotton spot markets noticed range –bound to weak tone on Monday.

In The News: Rains affected BT cotton crop grown in about 32,000 hectares in Tiruchi and Perambalur districts. It is only the north-east monsoon which brings an assured irrigation facility in the rain-fed regions like M.R. Palayam and surrounding areas in Tiruchi district and Veppanthattai and nearby villages in Perambalur district. Tiruchi district accounts for 8,000 hectares under cotton cultivation.

There is decline in cotton supply in Gujarat State amid Rs.500 and Rs.1000 note ban by the Government. From around arrivals of 35,000 bales of cotton during Diwali, arrivals have declined to around 15000 bales. Ginners can pay in cheques only and farmers are not ready to accept cheques. There was no auction on Thursday. Around 20% of the farmers are ready for cheque payment.

According to farmers in the Adilabad district of Andhra Pradesh, the cotton crop has been affected by pink bollworm pest and yields have declined accordingly. The distressed farmers have been appealing to the government to assist them in this regard. The farmers want to replace cotton crop with wheat and chickpea crops and want the State government to supply them with seeds of two crops. The pink bollworm destroyed crops in Tamsi, Talamadugu, Vankidi, Indravelli, Kerameri and Kagaznagar.

India exported 1.842 lakh bales of cotton last week (21 -26 November 2016), which was 1.812 lakh bales previous to last week (14 -20 November 2016), according to the data released by IBIS and compiled by Agriwatch.

Major importer of Indian cotton during the week (21 -26 November, 2016) was China. According to the data released by IBIS and compiled by Agriwatch, China imported 1.201 lakh bales of cotton from India in the past week (21 -26 November, 2016). Other major importers were Bangladesh, Vietnam, Indonesia and Pakistan and their imported volumes were 0.416, 0.098, 0.091 and 0.015 lakh bales respectively.

India the largest producer of cotton is likely to buy up to 2 million bales of cotton this year. Till date India has imported around 1.5 million bales of cotton and has already signed contracts to purchase an additional 400,00 bales according to government sources. Imports have increased amid lower domestic production and lower prices in the global markets.

Department of Agriculture, Ministry of Agriculture (MoA) in its second advance estimates, has revised the cotton production estimates downwardly for the season 2015-16 at 306.92 lakh bales (of 170 kg each). For the season 2014-15, the estimate was 346.23 lakh bales according to the first advance estimates for the season.

The Foreign Agriculture Services (FAS), division of USDA has lowered the production forecast for India in its latest report to 356 lakh bales. The reason for the downfall in the revision is lower yield expectation in Punjab and Haryana due to the attack of white fly and impact of pink bollworm in Gujarat.

International Fundamentals:

According to International Cotton Advisory Committee, December 2016 estimates, world cotton production is projected to rise by 7% to 22.5 million tons. Although India's cotton area contracted by 8% to just under 11 million hectares, production is unchanged from 2015/16 at 5.8 million tons. The average yield increased by 9% to 526 kg/ha. Output in China shrank by 4% to 4.6 million tons while production in the United States rose by 24% to 3.5 million tons. Pakistan's cotton production increased by 24% to 1.9 million tons in 2016/17. Brazil's cotton production is forecast to increase by 8% to 1.4 million tons.

According to the Pakistan Cotton Ginner's Association, ginneries in Pakistan have received 9.778 million bales of cotton by December 01, 2016 compared to the total arrival of 9.768 million during the previous season.

According to USDA latest report, global 2016/17 cotton ending stocks are revised up this month. World 2016-17 cotton production is projected at 103.28 million bales, around 6.55 per cent above last season. World ending stocks are now projected higher at 88.31 million bales. For India, production is forecast at 27.00 million bales higher than previous month's estimates of 26.50 million bales and India's crop is estimated 2.27 per cent above 2015/16.

Outlook

We expect domestic prices to remain range bound to weak in the near -term.

NCDEX Kapas Futures*: (Prices in Rs/20kg)

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Con_1	-3.50	925	927.5	919	920.50	1408	-186	11048	-10
Con_2	-	-	-	-	-	-	-	-	-

Spread	April-17		
Spot	151.50	-	-
May-17	-	-	-

(NB: Spread was done by taking avg. spot prices at Rajkot – B.T. Cotton market. Basis = Spot- Near Month Future)

*Updated at 6:06 pm as on 19 –Dec 2016

MCX Cotton Futures*: (Prices in Rs/170 kgs)

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Dec-16	-130	19000	19020	18880	18910	752	235	2822	-1245
Jan-17	-110	19120	19120	19000	19020	1156	-486	5313	62

Spread	Oct-16	Nov-16	Jan-17	Mar-17	--	--
Spot	—			-	-	-
Dec-16		-110		-	-	-
Jan-17			-	-	-	-
	—			-	-	-

(NB: Spread Basis = Spot- Near Month Future)

* Updated at 6:06 pm as on 19 –Dec 2016

DOMESTIC PRICES AND ARRIVALS

Cotton Prices at Key Spot Markets:

Commodity	Kapas		Prices (Rs./Quintal)		Change
State	Centre	Variety	19-Dec-16	17-Dec-16	
Gujarat	Ahmedabad	Shankar-6	5250	5200	50
	Gondal	Shankar-6	NR	NR	-
	Rajkot	B.T. Cotton	5360	5300	60
	Patan	B.T. Cotton	5230	NA	-
	Kadi	B.T. Cotton	5300	5250	50
	Deesa	B.T. Cotton	4825	4850	-25
	Dhrol	B.T. Cotton	5300	5225	75
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	5000	5050	-50
	Bhiwani	Desi	4000	4000	Unch
	Adampur	B.T. Cotton	NR	5158	-
	Fatehabad	B.T. Cotton	5170	5160	10
	Jind	B.T. Cotton	5399	5371	28
	Uchana	B.T. Cotton	NR	5210	-
	Dabwali	B.T. Cotton	5100	5095	5
Rajasthan	Hanumangarh	B.T. Cotton	5260	5250	10
	Rawatsar	B.T. Cotton	5050	5050	Unch
Madhya Pradesh	Khandwa	Mech-1	5050	Closed	-
	Khargaon	Mech-1	5120	5110	10
Maharashtra	Amravati	Mech-1	5000	5100	-100
	Jamner	Medium Staple	4832	NR	-
Uttar Pradesh	Hathras	B.T. Cotton	3800	3900	-100
	Hathras	Desi	4000	4000	Unch
Telangana	Adilabad	Un-Ginned	4970	5000	-30
Andhra Pradesh	Guntur	Un-Ginned	NA	4100	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	4160	NA	-
Karnataka	Bijapur	Bunny	5229	5239	-10
	Hubli	D.C.H.	NR	5519	-
	Hubli	B.T. Cotton	NR	6659	-
	Raichur	H-44 Cotton	NR	5250	-
Commodity	Lint		Prices (Rs./Maund)		Change
State	Centre	Variety	19-Dec-16	17-Dec-16	

Punjab	Bhatinda	J-34	4140	4150	-10
	Abohar	J-34	4140	4145	-5
	Mansa	J-34	4135	4150	-15
	Muktsar	J-34	NR	NR	-
	Fazilika	J-34	NR	NR	-
Haryana	Sirsa	J-34	4060	4070	-10
Rajasthan	Sri-Ganganagar	J-34	NR	3798	-

Cotton Arrivals in Key Centers:

Commodity	Kapas		Arrivals (Quintal)		Change
State	Centre	Variety	19-Dec-16	17-Dec-16	
Gujarat	Ahmedabad	Shankar-6	68000	59500	8500
	Gondal	Shankar-6	NR	NR	-
	Rajkot	B.T. Cotton	5000	4600	400
	Patan	B.T. Cotton	52560	NA	-
	Kadi	B.T. Cotton	60000	65000	-5000
	Deesa	B.T. Cotton	650	1070	-420
	Dhrol	B.T. Cotton	674	417	257
Punjab	Fazilika	B.T. Cotton	NR	NR	-
	Muktsar	B.T. Cotton	NR	NR	-
Haryana	Bhiwani	B.T. Cotton	500	2000	-1500
	Bhiwani	Desi	NA	50	-
	Adampur	B.T. Cotton	NR	1190	-
	Fatehabad	B.T. Cotton	1800	2000	-200
	Jind	B.T. Cotton	340	255	85
	Uchana	B.T. Cotton	NR	2100	-
	Dabwali	B.T. Cotton	3500	950	2550
Rajasthan	Hanumangarh	B.T. Cotton	5000	4000	1000
	Rawatsar	B.T. Cotton	1500	1500	Unch
Madhya Pradesh	Khandwa	Mech-1	6000	Closed	-
	Khargaon	Mech-1	9380	10500	-1120
Maharashtra	Amravati	Mech-1	15000	3050	11950
	Jamner	Medium Staple	318	NR	-
Uttar Pradesh	Hathras	B.T. Cotton	20	60	-40
	Hathras	Desi	NA	12	-
Telangana	Adilabad	Un-Ginned	20752	13339	7413
Andhra Pradesh	Guntur	Un-Ginned	NA	330	-
	Kurnool	Un-Ginned	NA	NA	-
	Krishna	Un-Ginned	NA	NA	-
	East Godavari	Un-Ginned	NA	NA	-
Karnataka	Bijapur	Bunny	1500	2320	-820

	Hubli	D.C.H.	NR	190	-
	Hubli	B.T. Cotton	NR	116	-
	Raichur	H-44 Cotton	NR	1237	-
Commodity	Lint		Arrivals (Quintal)		Change
State	Centre	Variety	19-Dec-16	17-Dec-16	
Punjab	Bhatinda	J-34	9350	7990	1360
	Abohar	J-34	2550	2040	510
	Mansa	J-34	1190	1190	Unch
Haryana	Sirsa	J-34	2550	2550	Unch
Rajasthan	Sri-Ganganagar	J-34	NR	2500	-

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				17-Dec-16	16-Dec-16	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	26700	26700	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	27700	27700	Unch
J-34(202)	26mm	3.5 - 4.9	23	38200	38400	-200
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	38100	38100	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	38900	38900	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	39300	39300	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	40300	40300	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	54500	54500	Unch

Cotton Seed Oil Prices
Refined Cotton Seed Oil at Key Centers:

Centre	Unit	Price		Change
		19-Dec-16	17-Dec-16	
Rajkot	Rs. /10 Kg.	710	710	Unch
New Delhi	Rs. /10 Kg.	695	695	Unch
Hyderabad	Rs. /10 Kg.	695	700	-5
Mumbai	Rs. /10 Kg.	705	700	5

Cotton Seed Oil Seed Cake Prices
Cotton Seed Oil Cake Prices at Key Centers:

Centre	Unit	Price		Change
		19-Dec-16	17-Dec-16	
Mahesana (Kadi)	Rs./Qtl	1956	1922	34
Akola	Rs./Qtl	1941	1921	20

INTERNATIONAL PRICES AND INDICES

<u>China Cotton Index: As on 19-December-2016</u>		
Index	RMB/Ton	Change
CCIndex(328)	15957	2
CCIndex(527)	14920	Unch
CCIndex(229)	16300	5
RMB -Renminbi, 1RMB =0.16 \$U.S.		

<u>China Foreign Cotton (FCE) Index : As on 19-December-2016</u>		
Index	Cents/lb	Change
FC Index (S)	83.21	-0.38
FC Index (M)	79.74	-0.51
FC Index (L)	78.37	-0.50

<u>Cotlook Index: As on 16-December-2016</u>		
Cotlook Indices	Cents/Pound	Change
A-Index	80.45	0.25

<u>USDA Cotton Spot Rates: As on 16-December-2016</u>			
Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		Bales
Southeast	72.04	74.29	247
North Delta	71.54	73.79	NIL
South Delta	71.54	73.79	NIL
East TX-OK	69.50	71.00	553
West Texas	69.50	71.00	4364
Desert SW	67.29	72.29	500
SJ Valley	68.54	78.44	NIL

Spot quotations are for cotton equal to the official standards, net weight, in mixed lots. Upland quotations are FOB car/truck, which includes compression and any brokerage charges. The upland base quality is color 41, leaf grade 4, staple 34 (1.05 to 1.07), mike 3.5, 3.6 and 4.3 to 4.9, strength 26.5 to 28.4 grams per Tex and uniformity 80.5 to 81.4

ICE Cotton Futures (Prices in cents/lb.): As on 16-December-2016

Contract	Open	High	Low	Close	Change
Mar-17	71.66	71.69	70.90	71.04	-0.63
May-17	71.92	71.93	71.18	71.32	-0.60
Jul-17	71.7	71.79	71.22	71.42	-0.48
Oct-17	70.37	70.37	70.37	70.37	-0.43
Dec-17	69.52	69.6	69.2	69.5	-0.22
Mar-18	69.52	69.52	69.52	69.52	-0.27

Pakistan Cotton Spot rates: As on 17-December-2016
(in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	6300	135	6435
Equivalent	40 Kgs	6752	145	6897

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